

Attention Cities and Counties:

As you probably are aware, the final settlements with Johnson & Johnson/Janssen and the opioid Distributors (AmerisourceBergen, Cardinal, and McKesson) has been finalized and announced. The settlement agreements are attached, as well as some memos summarizing the settlements.

The maximum recovery for the state and local subdivisions as a group is dependent on participation in the settlement by the litigating and primary subdivisions. The timing of payout also depends, in part, on the early and timely participation by the local political subdivisions.

The Attorney General's deadline for approving the settlement is August 21, 2021. After that, the political subdivisions have until January 2, 2022 to sign on to the settlement as a participating political subdivision. Subdivisions can participate after the sign on deadline, however, participation within the 120 days will provide the maximum benefit to the state, political subdivisions, and the multistate group as a whole.

The money received from the settlements, which will be distributed over 18 years, are earmarked for opioid abatement and remediation strategies, as set forth and outlined in the settlement agreements. The Attorney General would like to explore legislation that will provide a framework for the use of the money that will flow to our state, in a way that provides maximum benefit for all those affected by the opioid crisis in the state as a whole, which will provide equal benefit to all residents of the state independent of where they reside.

The amount of money that the state and subdivisions will receive is not nearly enough to properly abate and remediate the health crisis created by the over-prescription of opioids. Therefore, it is critical that together we (the state and the political subdivisions) maximize the recovery obtainable as a group, to provide as much benefit as we can to our residents. Any discord between the state and the political subdivisions in this matter will only benefit the Defendants. We anticipate that the amount available to the state and political subdivisions combined, from these two settlements, is somewhere around a total of \$45 million over 18 years.

We would like to get the discussion and process started on obtaining your political subdivision's sign-on to the settlements. We presume that the settlement approval would need to go through a formal approval process in your political subdivision, and that this may take some time. Therefore, we ask for your assistance and cooperation in moving the process along by emphasizing the importance of your political subdivision's participation in this settlement and consideration of the Attorney General's proposal for the use of the money available through these settlements.

Also, we want the political subdivisions to know that the Attorney General intends to allocate the 15% State Fund under the settlements to be added to the 70% Abatement Account Fund to be used for joint opioid abatement efforts. In addition to asking your political subdivision to sign on to participate in the settlements, the Attorney General also asks that your political subdivision do the same and allocate your 15% Subdivision Fund under the settlements to be added to the joint Abatement Account Fund and used for joint

opioid abatement strategies and remediation uses statewide. This may involve legislation, which the Attorney General hopes you will support.

We wanted to give you some opportunity to review the materials in advance. Although we currently are in the process of the relocation of the Attorney General's Consumer Protection Division, we will e-mail you in the next couple of weeks to schedule a meeting in September to discuss this matter in more detail.

Thank you.

Sincerely,

Parrell

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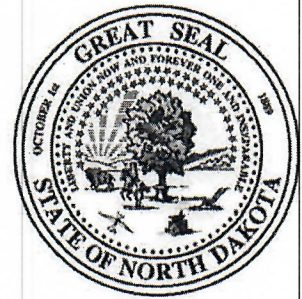
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TO LOCAL POLITICAL SUBDIVISIONS: IMPORTANT INFORMATION ABOUT THE NATIONAL OPIOID SETTLEMENT. SUBDIVISIONS MUST SUBMIT SIGNED DOCUMENTATION TO PARTICIPATE. THE DEADLINE FOR PARTICIPATION TO MAXIMIZE SETTLEMENT BENEFITS IS JANUARY 2, 2022.

If your subdivision is represented by an attorney with respect to opioid claims, please immediately contact them.

SETTLEMENT OVERVIEW

After years of negotiations, two proposed nationwide settlement agreements ("Settlements") have been reached that would resolve all opioid litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors, McKesson, Cardinal Health and AmerisourceBergen ("Distributors"), and one manufacturer, Janssen Pharmaceuticals, Inc., and its parent company Johnson & Johnson (collectively, "Janssen").

The proposed Settlements require the Distributors and Janssen to pay billions of dollars to abate the opioid epidemic. Specifically, the Settlements require the Distributors to pay up to \$21 billion over 18 years and Janssen to pay up to \$5 billion over no more than 9 years, for a total of \$26 billion (the "Settlement Amount"). Of the Settlement Amount, approximately \$22.7 billion is earmarked for use by participating states and subdivisions to remediate and abate the impacts of the opioid crisis.

The Settlements also contain injunctive relief provisions governing the opioid marketing, sale and distribution practices at the heart of the states' and subdivisions' lawsuits and further require the Distributors to implement additional safeguards to prevent diversion of prescription opioids.

Each of the proposed Settlements has two key participation steps. First, each state decides whether to participate in the Settlements. North Dakota has joined both Settlements. Second, the subdivisions within each participating state must then decide whether to participate in the Settlements. Generally, the more subdivisions that participate, the greater the amount of funds that flow to that state and its participating subdivisions. Any subdivision that does not participate cannot directly share in any of the settlement funds, even if the subdivision's state is settling and other participating subdivisions are sharing in settlement funds.

This letter is part of the formal notice required by the Settlements.

WHY IS YOUR SUBDIVISION RECEIVING THIS NOTICE?

You are receiving this letter because North Dakota has elected to participate in both of the two national Settlements against (1) the Distributors, and (2) Janssen, and your subdivision may participate in the Settlements to which your state has agreed. This notice is being sent directly to subdivisions and also to attorneys for subdivisions that we understand are litigating against these companies. If you are represented by an attorney with respect to opioid claims, please immediately contact them. Please note that there is no need for subdivisions to be represented by an attorney or to have filed a lawsuit to participate in the Settlements.

WHERE CAN YOU FIND MORE INFORMATION?

This letter is intended to provide a brief overview of the Settlements. Detailed information about the Settlements may be found at: <https://nationalopioidsettlement.com/>. This national settlement website also includes links to information about how the Settlements are being implemented in your state and how settlement funds will be allocated within your state. This website will be supplemented as additional documents are created.

HOW DO YOU PARTICIPATE IN THE SETTLEMENTS?

You must go to the national settlement website to register to receive in the coming weeks and months the documentation your subdivision will need to participate in the Settlements (if your subdivision is eligible). All required documentation must be executed and submitted electronically through the website and must be executed using the "DocuSign" service. As part of the registration process, your subdivision will need to identify, and provide the email address for, the individual who will be authorized to sign formal and binding documents on behalf of your subdivision.

Your unique Subdivision Identification Number to use to register is: TKXR91

HOW WILL SETTLEMENT FUNDS BE ALLOCATED IN EACH STATE?

The settlement funds are first divided among the participating states according to a formula developed by the Attorneys General that considers population and the severity of harm caused by the opioid epidemic in each participating state. Each state's share of the abatement funds is then further allocated within each state according to agreement between the state and its subdivisions, applicable state allocation legislation, or, in the absence of these, the default provisions in the agreements.

In reviewing allocation information, please note that while all subdivisions may participate in the Settlements, not all subdivisions are eligible to receive direct payments. To promote efficiency in the use of abatement funds and avoid administratively burdensome disbursements that would be too small to add a meaningful abatement response, certain smaller subdivisions do not automatically receive a direct allocation. However, participation by such subdivisions will help maximize the amount of abatement funds being paid in the Settlements, including those going to counties, cities, parishes, and other larger subdivisions in their communities.

To determine your eligibility to receive, directly or indirectly, any of the funds allocated to your state should you elect to participate in the Settlements in which your state participates, you should first visit <https://nationalopioidsettlement.com/> to determine if your state has entered into a state-subdivision agreement or has an allocation statute and/or a statutory trust. If so, then the terms of the state-subdivision agreement, allocation statute, and/or statutory trust (as applicable) will govern your eligibility to receive funds directly or indirectly from the share that is allocated to your state under the national settlement agreements. In some states there will be a proposed state-subdivision agreement that is in the process of being adopted by subdivisions. Any questions concerning the status or terms of the state-subdivision agreement, allocation statute, and/or statutory trust in your state, if applicable, can be directed to the Attorney General's Office.

You may be contacted by the Attorney General's Office with additional information regarding the allocation of settlement funds in North Dakota. Subdivisions with representation can expect information from their attorneys as well. We encourage you to review all materials and to follow up with any questions. The terms of these Settlements are complex and we want to be sure you have all the information you need to make your participation decision.

WHY YOU SHOULD PARTICIPATE

A vast majority of states have joined the Settlements, and attorneys for many subdivisions have already announced support for them. For example, the Plaintiffs' Executive Committee, charged with leading the litigation on behalf of more than 3,000 cities, counties and others against the opioid industry, and consolidated in the national multi-district litigation ("MDL") pending before Judge Dan Aaron Polster in the Northern District of Ohio, recommends participation in these Settlements.

Subdivision participation is strongly encouraged, for the following reasons:

First, the amounts to be paid under the Settlements, while insufficient to abate the epidemic fully, will allow state and local governments to commence with meaningful change designed to curb opioid addiction, overdose and death;

Second, time is of the essence. The opioid epidemic continues to devastate communities around the country and it is critical that the funds begin to flow to allow governments to address the epidemic in their communities *as soon as possible*;

Third, if there is not sufficient subdivision participation in these proposed Settlements, the Settlements will not be finalized, the important business practice changes will not be implemented, the billions of dollars in abatement funds will not flow to communities, and more than 3,000 cases may be sent back to their home courts for trial, which will take many years;

Fourth, the extent of participation also will determine how much money each state and its local subdivisions will receive because approximately half of the abatement funds are in the form of "incentive payments," *i.e.*, the higher the participation of subdivisions in a state, the greater the amount of settlement funds that flow into that state;

Fifth, you know first-hand the effects of the opioid epidemic on your community. Funds from these Settlements will be used to commence abatement of the crisis and provide relief to your citizens while litigation and settlement discussions proceed against numerous other defendants in the opioid industry; and

Sixth, because pills do not respect boundaries, the opioid epidemic is a national crisis that needs a national solution.

NEXT STEPS

These Settlements require that you take affirmative steps to “opt in” to the Settlements. If you do not act, you will not receive any settlement funds and you will not contribute to reaching the participation thresholds that will deliver the maximum amount of abatement funds to your state.

First, register your subdivision on the national settlement website so that information and documents required to participate can be sent to you. You will need the email address of the person who will be authorized to sign on behalf of your subdivision. This is the only action item needed at this time.

Second, have your authorizing person(s) or body begin to review the materials on the websites concerning the settlement agreement terms, allocation and other matters. Develop a list of questions for your counsel or the Attorney General’s Office. In the very near future, your subdivision will need to begin the process of deciding whether to participate in the proposed Settlements, and subdivisions are encouraged to work through this process well before the January 2, 2022 deadline to be an initial participating subdivision. Again, the Attorney General’s Office, your counsel, and other contacts within the state are available to discuss the specifics of the Settlements within your state, and we encourage you to discuss the terms and benefits of the Settlements with them.

Third, monitor your email for further communications, which will include a Participation Agreement, Release, (where applicable) a model Resolution, and instructions on executing and submitting electronically using DocuSign.

We urge you to view the national settlement website at your earliest convenience. Information and documents regarding the national Settlements and your state allocation can be found on the settlement website at <https://nationalopioidsettlement.com/>.

For further information, please contact:

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